

CLIENT TELL

FINANCIAL HELP FOR FAMILIES

By Robin McKinney, Director of the MD Cash Campaign

The Maryland CASH Campaign (Creating Assets, Savings, and Hope) is a network of free tax preparation sites and financial education programs that help families to maximize all of their resources. Maryland CASH works with local partners to make sure that all Maryland residents have access to financial education and counseling, free or low-cost tax preparation, and fairly priced financial products. Maryland CASH also advocates for policies that help to build or protect financial stability.

Last year, Maryland CASH partners prepared over 16,000 tax returns, bringing back over \$32 million in Federal and State refunds. Maryland CASH also provided professional development trainings for over 300 practitioners, launched a new discipline called Financial Social Work with University of Maryland School of Social Work, and created a partnership with CCCS of Maryland and Delaware on the Maryland Money Helpline, a

free, state-wide financial counseling hotline. Maryland Cash will open a free state-wide financial education "school" in 2009.

Tax season is just around the corner and there are several opportunities to help individuals and families connect to valuable resources. It is important to help insure that families receive all of their tax benefits at a fair price for tax preparation and have a plan in place for their tax refund.

Earned Income Credit

The Earned Income Credit (EIC) is a tax provision that allows eligible taxpayers to reduce their tax burden or even get an income supplement up to \$6,000. Some states offer a supplemental state EIC. For example, in Maryland, the state EIC is worth 25% of the Federal EIC. Eligible taxpayers claim the EIC when they file their federal and state tax returns.

(Continued on Page 3)

PLAN AND PAY

If you receive a tax refund this year, consider applying it to your debt management program (DMP). This will help you reduce your debt and the interest you're scheduled to pay on the accounts you owe.

CCCS offers three ways to make monthly DMP payments on time and in full: Pay online, use ACH EASY PAY, or purchase and fill out a money order.

Online payment is simple. It lets you decide when to have each payment withdrawn from your account. ACH EASY PAY automatically withdraws a payment from your account each month. Money orders must be mailed in or dropped off before the due date. Please also provide us with copies of your creditor statements each quarter. CCCS needs these to accurately update your account.

Inside this issue:

Financial Help for Families	1
From the President	1
Plan and Pay	1
Mortgage Rescue Scam Alert	2
Winter Utility Savings	2
Saving on a Tight Budget	2
Ask a Counselor	4
Parting Thoughts	4

FROM THE PRESIDENT
Jim Godfrey

Happy 2009! The start of the year is an excellent time to tune up your finances: If you haven't reviewed your budget recently, now is the perfect time to do so. This past year, have you experienced any changes in income or expenses? What challenges made it hard to stick to your plan? Are there ways to overcome these challenges through thought and preparation in the coming year?

Financial accountability is vital in today's economy. By taking responsibility for your finances, you are already a giant step ahead of many consumers. If you need money management advice or have questions, CCCS is always here to help. Please call us at **800-571-2227** or visit our website (www.cccs-inc.org). We are committed to helping you become financially fit in 2009.

Client Tell

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Consumer Credit Counseling
Service of MD & DE, Inc.

757 Frederick Road
Baltimore, MD 21228

MORTGAGE RESCUE SCAM ALERT

Many consumers are behind on their mortgage payments or facing foreclosure right now. If you're in this situation, beware of companies that:

- Guarantee they can stop the foreclosure process no matter how severe your situation is.
- Tell you not to contact your lender or a lawyer or credit or housing counselor.
- Collect a fee before supplying any services.
- Recommend that you lease your home to them so you can buy it back over time.
- Encourage you to make your mortgage payments directly to them instead of to your lender.
- Ask you to transfer your property deed or title to them. Offer to buy your home for cash at a fixed price which isn't based on the housing market at the time of sale.
- Offer to fill out paperwork for you.
- Pressure you to sign paperwork you don't understand or have not had an opportunity to review.

To safely and effectively deal with mortgage payment problems:

- Learn as much as you can about the terms of your current mortgage.
- Contact your mortgage lender immediately to see if it's possible to negotiate a new repayment schedule.

SAVING ON A TIGHT BUDGET

With proper planning, it's possible to save money even when you live paycheck-to-paycheck. Here's how:

Track and Reduce Expenses. Keep a careful record of ALL your expenditures for a month. Then look for ways to reduce unnecessary costs, because even small changes in spending really add up: Saving just 50 cents a day in loose change leads to an extra \$180 a year. Eating out two times less per month yields an annual savings of \$360. These two small changes add up to an average savings of \$45 per month.

Comparison shop: The Consumer Literacy Consortium (www.66ways.org) offers advice from leading experts on how to save money on essential items like food, insurance, and transportation.

Use Automatic Transfer: Ask your bank or credit union to automatically transfer an assigned amount each month from your checking to your savings account. This is an easy way to start building a nest egg.

WINTER UTILITY SAVINGS

To stay toasty and save money even when the temperature drops:

Follow the Sun. During the day, open curtains on south-facing windows to allow sunlight to naturally heat your home. Close curtains at night to avoid after-hours chill.

Adjust the Thermostat. When you're at home and awake, keep the temperature as low as is comfortable. Consider wearing extra layers to stay warm. When you're away or asleep, turn the thermostat down 10-15 degrees. Doing this just 8 hours a day can result in a 10 percent on your utilities.

Find and Seal Leaks. Check around pipe cut-throughs, chimneys, and recessed lights in insulated ceilings and seal any air leaks. Add weatherstripping or caulk to block air leaks around doors and windows. To learn how to detect and seal leaks, visit the U.S. Department of Energy at www.energysavers.gov.

Maintain Heating Systems. Routinely schedule maintenance on your furnace and/or heat pump. Replace your furnace filter once a month or as needed. Clean the flue vent regularly on wood and pellet-burning heaters.

Enroll in Plans for Energy Savings and Assistance. Ask your utility company if it offers any conservation incentives or plans that may help you reduce your yearly utility costs. Also check to see if you qualify for financial assistance through State and local energy agencies. To find out what relief is available in your area, visit: www.energynear.org.

FINANCIAL HELP FOR FAMILIES

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Families may qualify for the federal and state EIC, if, in 2008, they:

- Supported one child and earned less than \$33,995 (or \$36,995 for married workers).
- Supported two or more children and earned less than \$38,646 (or \$41,646 for married workers).
- Had no children, earned less than \$12,880 (or \$15,880 for married workers) and were between the ages 25 and 64.

Free Tax Preparation Assistance

Free tax preparation is available to families earning less than \$42,000. Tax preparers are certified by the IRS and must attend annual training and pass an annual exam. To learn the location of free tax preparation sites or to get more information on the EIC, please visit the National Community Tax Coalition at <http://tax-coalition.org/programs.cfm>, the AARP at <http://www.aarp.org/money/taxaide/>, or call the IRS at 1-800-829-1040. In some states, the United Way First Call for Help also keeps a directory of sites.

Choosing a Paid Tax Preparer

Taxes can be complicated. If you're a business owner, rental property owner, or if you have taxable investment income or other complicated issues that affect your taxes, it may make sense to pay for professional assistance. You should expect to spend between \$100 and \$150 on average. But not all paid tax preparers are equal.

Do choose a preparer who has a permanent office and who will be around after the return has been filed in case there is a problem with your tax return.

Do ask your friends and neighbors who they use and trust.

Do ask about the fees up front, before the tax return is prepared. Ask if there are any costs for additional schedules (like Schedule EIC) or forms. Ask about fees for different refund options. Avoid preparers who base their fee on the amount of your refund.

Don't sign up for "Fast Cash Refunds" or "Instant Refunds." Most of these quick refunds are actually refund anticipation loans (RALs). When you get a RAL, you're borrowing against your refund, not getting your refund earlier. These loans are expensive and can cost up to \$100, or even more, on top of what you pay for tax preparation. If you need your refund fast, ask about other options.

Don't work with anyone who suggests you lie or fudge numbers. You will be responsible for errors.

Don't sign a tax return that is blank or completed in pencil. Sign the return or authorize e-filing only after you have reviewed it with your preparer. Ask questions about anything you don't understand.

Do make sure the preparer signs your completed return and includes their address and Employer Identification Number (EIN) or Social Security Number. This is required by law.

Do make copies of all the documents you give the preparer. Be sure to get a copy of your completed return and keep it on file for at least 3 years.

It pays to take advantage of direct deposit at tax time. It's safe and hassle-free, and your refund can be deposited electronically into your checking or savings account within 7-10 days, rather than mailed to you in a few weeks. Taxpayers can designate up to three different accounts for their refund—including checking, savings, and retirement accounts.

Getting your refund by direct deposit helps you avoid check cashers who may charge an extra fee to cash your refund check. **Avoid extra check-cashing fees and direct deposit your refund.** You can put some of your money into a checking account to use now, and put some of your money into your savings for a rainy day!

Ask a Counselor

Q: When I call CCCS with questions about my account, they always ask me to give them the last four digits in my Social Security number. This information is already in my records. Why is it necessary to repeat it?

A: You are asked to provide the final four digits of your Social Security number as a security measure. This requirement insures that you are who you say you are and helps to protect your personal information.

Parting Thoughts

We Serve the Community. Did you know that CCCS provides FREE financial education workshops to churches, businesses, schools, and government agencies throughout Maryland and Delaware? Topics for seminars are tailored to meet each organization’s needs. To arrange for a free financial literacy workshop for your group, call or email CCCS’s Directors of Education Jim Harris (410-747-2050, jharris@cccs-inc.org) or Linus Campbell (410-363-8650, linus@cccs-inc.org).

You Can Help, Too. We live in tough economic times. If you are aware of family members, friends, or co-workers with money or mortgage payment problems, please reach out to them. You are in a unique position to share your insight, knowledge, and experience. Also provide them with CCCS’s phone number **(1-800-642-2227)** and website address (**www.cccs-inc.org**). Together, we can help them take the first step to financial peace of mind.

Money Order Methods Matter. Please follow these guidelines when you make a DMP payment using a money order: Legibly print all information . Write **CCCS of MD & DE** in the “Pay to Order Of” blank, place your address and phone number below your signature and your client number in the corner of the money order. Sign the money order and include the top portion of your statement. File the receipt in case you need it for future reference.

A personal finance education advocate since 1966.

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LOGO HERE.**

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